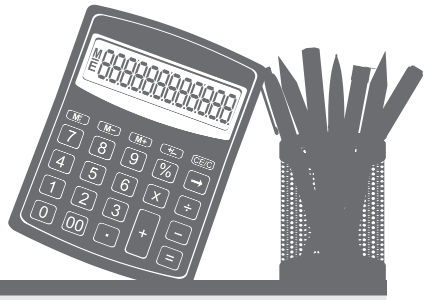
# FINANCIAL STATEMENTS



**KIDNEY DIALYSIS FOUNDATION LIMITED**
(A Company Limited by Guarantee)
Registration Number: 199600830Z

**ANNUAL REPORT**
Year ended 31 March 2019

# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Kidney Dialysis Limited Foundation (the "Foundation") together with the audited financial statements of the Foundation for the financial year ended 31 March 2019.

In our opinion:

(a) the financial statements set out on pages FS40 to FS68 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 March 2019 and the financial performance, changes in funds and cash flows of the Foundation for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Charities Act, Chapter 37 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

**Directors**

The directors in office at the date of this statement are as follows:

Dr Gordon Ku - Chairman
Yeoh Oon Jin
Cheng Wai Keung
Stephen Lee Ching Yen
Watson Ong Choon Huat
Wong Yew Meng
Dr Lim Cheok Peng
Chan May Ping
Uantchern Loh - Treasurer
Chan Soo Sen

**Principal Activities**

The Foundation was incorporated on 1 February 1996 as a Foundation limited by guarantee and is registered as a charity under the Charities Act, Chapter 37.

The principal activities of the Foundation during the financial year have been those relating to the provision of subsidised and/or free medical treatment and dialysis services for patients suffering from kidney and kidney related illnesses. These activities are funded by donations received from the general public and subsidies from the Government (administered by the Ministry of Health). The Foundation generally does not accept patients who are financially able to pay for dialysis treatment at private centres. There have been no significant changes in such activities during the financial year.

The Foundation's secondary strategic mission is to identify and support research in the area for the prevention, treatment and cure of kidney and kidney related diseases. The Foundation signed a memorandum of understanding in November 2007 with The National University of Singapore ("NUS") to collaborate in the area of research for the prevention, treatment and cure of kidney and kidney related diseases. To achieve this, a Research Fund is set up to solicit donations to support and fund research for the prevention, treatment and cure of kidney and kidney related diseases. In July 2011, the Foundation continued the collaboration with NUS with the signing of a 5-year gift agreement at an annual minimum pledge of $350,000. In July 2016, the Foundation signed a gift agreement for the funding of $1,200,000 for another 3 years to continue the Foundation's collaboration with NUS. In October 2018, the Foundation further continued the collaboration with NUS with the signing of a 3-year gift agreement for the funding of $1,500,000.

**Directors' Interests**

Directors, who are also members of the Foundation, are Dr Gordon Ku, Mr Cheng Wai Keung and Mr Stephen Lee Ching Yen. The members do not have a personal interest in the Foundation.

As the Foundation is a Foundation limited by guarantee and has no share capital, the statutory information required to be disclosed by the directors under Section 201 (6) (g) and Section 201 (12) of the Companies Act, Chapter 50 does not apply.

Neither at the end of, nor at any time during the financial year was the Foundation a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Foundation to acquire benefits by means of the subscription to or acquisition of debentures of the Foundation or any other body corporate.

**Share Options**

As the Foundation is a Foundation limited by guarantee and has no share capital, the statutory information required to be disclosed under Section 201 (12) of the Companies Act, Chapter 50 does not apply.

**Auditors**

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Gordon Ku
Director

Yeoh Oon Jin
Director

5th August 2019

# INDEPENDENT AUDITORS' REPORT

Members of the Foundation
Kidney Dialysis Foundation Limited
(A Company Limited by Guarantee)

**Report on the audit of the financial statements**

*Opinion*
We have audited the financial statements of Kidney Dialysis Foundation Limited ('the Foundation'), which comprise the statement of financial position as at 31 March 2019, the statement of income and expenditure and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS40 to FS68.

In our opinion, the Foundation's financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ('the Companies Act'), the Charities Act, Chapter 37 and other relevant regulations ('the Charities Act and Regulations'), Singapore Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the financial position of the Foundation as at 31 March 2019 and the financial performance, changes in funds and cash flows of the Foundation for the year ended on that date.

*Basis for opinion*
We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Foundation in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other information*
Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of management and directors for the financial statements*
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance comprises the directors. Their responsibilities include overseeing the Foundation's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required to be kept by the Foundation have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

(a) the Foundation has not used the donation monies in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Foundation has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

KPMG LLP

**KPMG LLP**
Public Accountants and
Chartered Accountants

**Singapore**
5th August 2019

# STATEMENT OF FINANCIAL POSITION
## AS AT 31 MARCH 2019

| | Note | 2019<br>$ | 2018<br>$ |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Plant and equipment | 5 | 667,363 | 306,721 |
| Intangible assets | 6 | 115,237 | 143,367 |
| **Total Non-Current Assets** | | 782,600 | 450,088 |
| **Current Assets** | | | |
| Trade and other receivables | 7 | 863,743 | 761,593 |
| Inventory | 8 | 27,449 | – |
| Cash and cash equivalents | 9 | 34,362,907 | 34,470,024 |
| **Total Current Assets** | | 35,254,099 | 35,231,617 |
| **Total Assets** | | 36,036,699 | 35,681,705 |
| **Non-Current Liabilities** | | | |
| Deferred capital grants | 10 | 193,453 | 182,170 |
| Grants received in advance | 11 | 1,169,801 | 786,583 |
| | | 1,363,254 | 968,753 |
| **Current Liabilities** | | | |
| Deferred capital grants | 10 | 224,706 | 202,030 |
| Grants received in advance | 11 | 473,126 | 1,411,139 |
| Trade and other payables | 12 | 819,728 | 1,182,341 |
| | | 1,517,560 | 2,795,510 |
| **Total Liabilities** | | 2,880,814 | 3,764,263 |
| **Net Assets** | | 33,155,885 | 31,917,442 |
| **Funds of the Foundation:** | | | |
| *Unrestricted Funds* | | | |
| General Fund | | 32,274,916 | 31,350,762 |
| *Restricted Funds* | | | |
| Building Fund | 13 | 602,423 | 300,000 |
| Patient Welfare Support ("PWS") Fund | 14 | 278,546 | 266,680 |
| **Total Funds** | | 33,155,885 | 31,917,442 |
| **Members' Guarantee** | 4 | 300 | 300 |

These financial information do not form part of the Foundation's financial statements.

# STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
## YEAR ENDED 31 MARCH 2019

| | Note | Unrestricted General Fund 2019 | Restricted: Building Fund 2019 | Restricted: CST Fund 2019 | Restricted: PWS Fund 2019 | Restricted: Research Fund 2019 | Total 2019 |
|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ |
| **Income/Incoming resources** | | | | | | | |
| ***Incoming resources from generated funds*** | | | | | | | |
| Voluntary income (donations) | 17 | 2,624,517 | 302,423 | – | 50,910 | 5,635 | 2,983,485 |
| Funds generating activities | 17 | 1,163,287 | – | – | – | – | 1,163,287 |
| Investment income | 18 | 489,248 | – | – | – | – | 489,248 |
| Others | | 19,414 | – | – | – | – | 19,414 |
| | | 4,296,466 | 302,423 | – | 50,910 | 5,635 | 4,655,434 |
| ***Charitable activities*** | | | | | | | |
| Charitable income (mainly dialysis and medication fees) | 19 | 2,963,223 | – | – | – | – | 2,963,223 |
| Less: subsidies to patients | 19 | (405,693) | – | – | (39,044) | – | (444,737) |
| Government subsidies | 20 | 2,993,967 | – | 432,690 | – | – | 3,426,657 |
| | | 5,551,497 | – | 432,690 | (39,044) | – | 5,945,143 |
| **Total income/incoming resources** | | 9,847,963 | 302,423 | 432,690 | 11,866 | 5,635 | 10,600,577 |
| **Expenditure/Resources expended** | | | | | | | |
| ***Cost of generating funds*** | | | | | | | |
| Cost of generating voluntary income | 21 | 709,970 | – | – | – | – | 709,970 |
| Cost of fund generating activities | | 167,921 | – | – | – | – | 167,921 |
| | | 877,891 | – | – | – | – | 877,891 |
| ***Cost of charitable activities*** | | | | | | | |
| Dialysis services and medication cost | 22 | 6,857,386 | – | 432,690 | – | – | 7,290,076 |
| Contribution to NUS Research Fund | | – | – | – | – | 400,000 | 400,000 |
| | | 6,857,386 | – | 432,690 | – | 400,000 | 7,690,076 |
| Governance costs | 23 | 794,167 | – | – | – | – | 794,167 |
| **Total expenditure/resources expended** | | 8,529,444 | – | 432,690 | – | 400,000 | 9,362,134 |
| **Net surplus/(deficit) for the year, representing total comprehensive income for the year** | 24 | 1,318,519 | 302,423 | – | 11,866 | (394,365) | 1,238,443 |

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME (CONTINUED)
YEAR ENDED 31 MARCH 2019

| | Note | Unrestricted General Fund 2018 | Restricted Building Fund 2018 | Restricted CST Fund 2018 | Restricted PWS Fund 2018 | Restricted Research Fund 2018 | Total 2018 |
|---|---|---|---|---|---|---|---|
| **Income/Incoming resources** | | $ | $ | $ | $ | $ | $ |
| ***Incoming resources from generated funds*** | | | | | | | |
| Voluntary income (donations) | 17 | 2,405,816 | 59,271 | – | 194,440 | 250 | 2,659,777 |
| Funds generating activities | 17 | 1,049,849 | – | – | – | – | 1,049,849 |
| Investment income | 18 | 385,159 | – | – | – | – | 385,159 |
| Others | | 60,256 | – | – | – | – | 60,256 |
| | | 3,901,080 | 59,271 | – | 194,440 | 250 | 4,155,041 |
| ***Charitable activities*** | | | | | | | |
| Charitable income (mainly dialysis and medication fees) | 19 | 3,312,705 | – | – | – | – | 3,312,705 |
| Less: subsidies to patients | 19 | (441,141) | – | – | (80,647) | – | (521,788) |
| Government subsidies | 20 | 2,083,231 | – | 2,340,198 | – | – | 4,423,429 |
| | | 4,954,795 | – | 2,340,198 | (80,647) | – | 7,214,346 |
| **Total income/incoming resources** | | 8,855,875 | 59,271 | 2,340,198 | 113,793 | 250 | 11,369,387 |
| **Expenditure/Resources expended** | | | | | | | |
| ***Cost of generating funds*** | | | | | | | |
| Cost of generating voluntary income | 21 | 554,725 | – | – | – | – | 554,725 |
| Cost of fund generating activities | | 180,943 | – | – | – | – | 180,943 |
| | | 735,668 | – | – | – | – | 735,668 |
| ***Cost of charitable activities*** | | | | | | | |
| Dialysis services and medication cost | 22 | 4,335,207 | – | 2,340,198 | – | – | 6,675,405 |
| Contribution to NUS Research Fund | | – | – | – | – | 400,000 | 400,000 |
| | | 4,335,207 | – | 2,340,198 | – | 400,000 | 7,075,405 |
| Governance costs | 23 | 598,362 | – | – | – | – | 598,362 |
| **Total expenditure/resources expended** | | 5,669,237 | – | 2,340,198 | – | 400,000 | 8,409,435 |
| **Net surplus/(deficit) for the year, representing total comprehensive income for the year** | 24 | 3,186,638 | 59,271 | – | 113,793 | (399,750) | 2,959,952 |

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN FUNDS
## YEAR ENDED 31 MARCH 2019

| | Unrestricted General Fund $ | Unrestricted Designated Ghim Moh Fund $ | Restricted Building Fund $ | Restricted PWS Fund $ | Restricted Research Fund $ | Total $ |
|---|---|---|---|---|---|---|
| **At 1 April 2017** | 28,195,103 | 609,500 | – | 152,887 | – | 28,957,490 |
| Transfer between funds (Note 1) | (30,979) | (609,500) | 240,729 | – | 399,750 | – |
| Net surplus/(deficit) for the year, representing total comprehensive income for the year | 3,186,638 | – | 59,271 | 113,793 | (399,750) | 2,959,952 |
| **At 31 March 2018** | 31,350,762 | – | 300,000 | 266,680 | – | 31,917,442 |
| Transfer between funds (Note 1) | (394,365) | – | – | – | 394,365 | – |
| Net surplus/(deficit) for the year, representing total comprehensive income for the year | 1,318,519 | – | 302,423 | 11,866 | (394,365) | 1,238,443 |
| **At 31 March 2019** | 32,274,916 | – | 602,423 | 278,546 | – | 33,155,885 |

**Note 1**

In 2018, the Foundation transferred the unutilised amounts of $609,500 from unrestricted designated Ghim Moh Fund (see Note 12) to unrestricted General Fund. In addition, the Foundation has transferred $240,729 and $399,750 from the General Fund to the newly set up Building Fund (see Note 13) and Research Fund (see Note 15) respectively for their approved designated purposes.

In 2019, the Foundation transferred $394,365 from the General Fund to Research Fund (see Note 15) for its approved designated purposes.

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS
## YEAR ENDED 31 MARCH 2019

| | Note | Unrestricted General Fund 2019 $ | Restricted: Building Fund 2019 $ | CST Fund 2019 $ | PWS Fund 2019 $ | Research Fund 2019 $ | Total 2019 $ |
|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | |
| Net surplus/(deficit) for the year | | 1,318,519 | 302,423 | – | 11,866 | (394,365) | 1,238,443 |
| Adjustments for: | | | | | | | |
| Depreciation of plant and equipment | | 99,807 | – | 173,020 | – | – | 272,827 |
| Gain on disposal of plant and equipment | 24 | (60,194) | – | – | – | – | (60,194) |
| Amortisation of intangible assets | | 2,278 | – | 68,541 | – | – | 70,819 |
| Amortisation of deferred capital grants | 10 | – | – | (191,129) | – | – | (191,129) |
| Utilisation to fund operating expenditure | 11 | – | – | (241,561) | – | – | (241,561) |
| Government grants and subsidies income | | (2,993,967) | – | – | – | – | (2,993,967) |
| Investment income | 18 | (489,248) | – | – | – | – | (489,248) |
| Operating surplus/(deficit) before working capital changes | | (2,122,805) | 302,423 | (191,129) | 11,866 | (394,365) | (2,394,010) |
| Changes in working capital: | | | | | | | |
| Inventory | | (27,449) | – | – | – | – | (27,449) |
| Trade and other receivables | | (23,323) | – | – | – | – | (23,323) |
| Trade and other payables | | (362,613) | – | – | – | – | (362,613) |
| Cash (used in)/generated from operations | | (2,536,189) | 302,423 | (191,129) | 11,866 | (394,365) | (2,807,394) |
| Government grants and subsidies received/ (refunded) | | 2,993,967 | – | (88,146) | – | – | 2,905,821 |
| **Net cash flows from/(used in) operating activities** | | 457,778 | 302,423 | (279,275) | 11,866 | (394,365) | 98,427 |
| **Cash flows from investing activities** | | | | | | | |
| Proceeds from disposal of plant and equipment | | 60,200 | – | – | – | – | 60,200 |
| Purchase of plant and equipment | 5 | (369,476) | – | (264,000) | – | – | (633,476) |
| Purchase of intangible assets | | (31,169) | – | (11,520) | – | – | (42,689) |
| Placement of fixed deposits with banks, net | | (306,282) | – | – | – | – | (306,282) |
| Interest received | | 410,421 | – | – | – | – | 410,421 |
| **Net cash flows used in investing activities** | | (236,306) | – | (275,520) | – | – | (511,826) |
| **Net increase/(decrease) in cash and cash equivalents** | | 221,472 | 302,423 | (554,795) | 11,866 | (394,365) | (413,399) |
| Gross transfer between funds (Note A) | | (949,160) | – | 554,795 | – | 394,365 | – |
| Cash and cash equivalents at beginning of year | | 2,077,856 | 300,000 | – | 266,680 | – | 2,644,536 |
| **Cash and cash equivalents at end of year** | 9 | 1,350,168 | 602,423 | – | 278,546 | – | 2,231,137 |

**Note A:** The transfer between Unrestricted General Fund and CST Fund relates to utilisation of funds granted by Ministry of Health.

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS (CONTINUED)
## YEAR ENDED 31 MARCH 2018

| | Note | Unrestricted General Fund 2018 $ | Unrestricted Designated Ghim Moh Fund 2018 $ | Restricted: Building Fund 2018 $ | Restricted: CST Fund 2018 $ | Restricted: PWS Fund 2018 $ | Restricted: Research Fund 2018 $ | Total 2018 $ |
|---|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | | |
| Net surplus/(deficit) for the year | | 3,186,638 | – | 59,271 | – | 113,793 | (399,750) | 2,959,952 |
| Adjustments for: | | | | | | | | |
| Depreciation of plant and equipment | | 24,121 | – | – | 144,619 | – | – | 168,740 |
| Gain on disposal of plant and equipment | 24 | (278) | – | – | – | – | – | (278) |
| Amortisation of intangible assets | | 13,909 | – | – | 56,334 | – | – | 70,243 |
| Amortisation of deferred capital grants | 10 | – | – | – | (200,953) | – | – | (200,953) |
| Utilisation to fund operating expenditure | 11 | – | – | – | (2,139,245) | – | – | (2,139,245) |
| Government grants and subsidies income | | (2,083,231) | – | – | – | – | – | (2,083,231) |
| Investment income | 18 | (385,159) | – | – | – | – | – | (385,159) |
| Operating surplus/(deficit) before working capital changes | | 756,000 | – | 59,271 | (2,139,245) | 113,793 | (399,750) | (1,609,931) |
| Changes in working capital: | | | | | | | | |
| Trade and other receivables | | (84,299) | – | – | – | – | – | (84,299) |
| Trade and other payables | | (162,885) | – | – | – | – | – | (162,885) |
| Cash generated from/(used in) operations | | 508,816 | – | 59,271 | (2,139,245) | 113,793 | (399,750) | (1,857,115) |
| Government grants and subsidies received | | 2,083,231 | – | – | 2,804,710 | – | – | 4,887,941 |
| **Net cash flows from/(used in) operating activities** | | 2,592,047 | – | 59,271 | 665,465 | 113,793 | (399,750) | 3,030,826 |
| **Cash flows from investing activities** | | | | | | | | |
| Proceeds from disposal of plant and equipment | | 3,235 | – | – | – | – | – | 3,235 |
| Purchase of plant and equipment | 5 | (45,527) | – | – | (35,050) | – | – | (80,577) |
| Purchase of intangible assets | | – | – | – | (192,773) | – | – | (192,773) |
| Placement of fixed deposits with banks, net | | (1,987,975) | – | – | (437,642) | – | – | (2,425,617) |
| Interest received | | 377,611 | – | – | – | – | – | 377,611 |
| **Net cash flows used in investing activities** | | (2,090,298) | – | – | (665,465) | – | – | (2,318,121) |
| **Net (decrease)/increase in cash and cash equivalents** | | 939,391 | – | 59,271 | – | 113,793 | (399,750) | 712,705 |
| Gross transfer between funds | | (344,305) | (296,174) | – | – | – | 399,750 | – |
| Cash and cash equivalents at beginning of year | | 1,482,770 | 296,174 | 240,729 | – | 152,887 | – | 1,931,831 |
| **Cash and cash equivalents at end of year** | 9 | 2,077,856 | – | 300,000 | – | 266,680 | – | 2,644,536 |

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on [date of signing].

## 1 Domicile and Activities

The Foundation was incorporated in the Republic of Singapore on 1 February 1996 as a Foundation limited by guarantee and is registered as a charity under the Charities Act, Chapter 37. Its registered office is Block 333 Kreta Ayer Road, #03-33 Singapore 080333.

The Foundation is a registered member of the Ministry of Health's General Fund. The Foundation has also been granted Institution of a Public Character ("IPC") status since February 1996.

The principal activities of the Foundation are those relating to the provision of subsidised and/or free medical treatment and dialysis services for patients suffering from kidney and related illnesses. These activities are funded by donations received from the general public and subsidies from the Government (administered by the Ministry of Health). The Foundation generally does not accept patients who are financially able to pay for dialysis treatment at private centres.

The Foundation's secondary strategic mission is to identify and support research in the area for the prevention, treatment and cure of kidney and kidney related diseases. The Foundation signed a memorandum of understanding in November 2007 with The National University of Singapore ("NUS") to collaborate in the area of research for the prevention, treatment and cure of kidney and kidney related diseases. To achieve this, a Research Fund is set up to solicit donations to support and fund research for the prevention, treatment and cure of kidney and kidney related diseases. In July 2011, the Foundation continued the collaboration with NUS with the signing of a 5-year gift agreement at an annual minimum pledge of $350,000. In July 2016, the Foundation signed a gift agreement for the funding of $1,200,000 for another 3 years to continue the Foundation's collaboration with NUS. In October 2018, the Foundation further continued the collaboration with NUS with the signing of a 3-year gift agreement for the funding of $1,500,000.

## 2 Basis of Preparation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

This is the first set of the Foundation's annual financial statements in which FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* have been applied. Changes to significant accounting policies are described in note 2.5.

2.2 Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value as described below.

2.3 Functional and Presentation Currency

The financial statements are presented in Singapore dollars, which is the Foundation's functional currency.

2.4 Use of Estimates and Judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There have been no critical judgments in applying accounting policies that would result in a significant effect on the amounts recognised in the financial statements or assumptions and estimation uncertainties that would have a significant risk of resulting in a material adjustment within the next financial year.

2.5 Changes in Accounting Policies

The Foundation has applied the following amendments for the first time for the annual period beginning on 1 April 2018:

- FRS 115 *Revenue from Contracts with Customers;*
- *Clarifications to FRS 115 Revenue from Contracts with Customers* (Amendments to FRS 115); and
- FRS 109 *Financial Instruments.*

Other than FRS 109, the adoption of these FRSs did not have a material effect on the Foundation's financial statements.

**FRS 109 Financial Instruments**

FRS 109 sets out requirements for recognising and measuring financial assets and financial liabilities. It also introduces a new ECL model and a new general hedge accounting model.

The Foundation has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Foundation retrospectively, except for the assessment to determine the business model of a financial asset held has been made on the basis of the facts and circumstances that existed at the date of initial application.

The impact upon adoption of FRS 109, including the corresponding tax effects, are described below.

*Classification and measurement of financial assets and financial liabilities.*

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale. Under FRS 109, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Foundation's accounting policies related to financial liabilities.

The following tables and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Foundation's financial assets as at 1 January 2018.

| | Original classification under FRS 39 | New classification under FRS 109 | Original carrying amount under FRS 39 $ | New carrying amount under FRS 109 $ |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade and other receivables (excluding prepayments) | Loan and receivables | Amortised cost | 730,241 | 730,241 |
| Cash and cash equivalents | Loan and receivables | Amortised cost | 34,470,024 | 34,470,024 |
| **Total financial asset** | | | 35,200,265 | 35,200,265 |

Trade and other receivables, and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortised cost.

## 3 Significant Accounting Policies

The accounting policies set out below have been applied consistently by the Foundation to all periods presented in these financial statements.

3.1 Financial Instruments

**(i) Recognition and initial measurement**

**Non-derivative financial assets and financial liabilities**

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Foundation becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**(ii) Classification and subsequent measurement**

**Non-derivative financial assets – Policy applicable from 1 April 2018**

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Foundation changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets: Business model assessment – Policy applicable from 1 April 2018**

The Foundation makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Foundation's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Foundation's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

**Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Foundation considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Foundation considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Foundation's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018**

***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Non-derivative financial assets – Policy applicable before 1 April 2018**

The Foundation initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

The Foundation classifies non-derivative financial assets into the following categories:

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables, except prepayments.

Cash consist of cash with banks or financial institutions, including fixed deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and are subjected to insignificant changes in value.

**Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are recognised initially on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Foundation's non-derivative financial liabilities comprise trade and other payables and grants received in advance.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Foundation has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

A financial liability is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, including any interest expense, are recognised in statement of income and expenditure.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise trade and other payables.

**(iii) Derecognition**

**Financial assets**

The Foundation derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Foundation neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Foundation enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

**Financial liabilities**

The Foundation derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Foundation also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.2 Plant and Equipment

***Recognition and measurement***

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs directly attributable to bringing the assets to a working condition for their intended use, and an estimate of the cost of dismantling and removing the items and restoring the site on which they are located when the Foundation has an obligation to remove the asset or restore the site. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised net within other income or other expense in statement of income and expenditure on the date of disposal.

***Subsequent costs***

The cost of replacing a component of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Foundation, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in statement of income and expenditure as incurred.

***Depreciation***

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in statement of income and expenditure on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

The estimated useful lives for the current and comparative years are as follows:

| | | |
|---|---|---|
| Air-conditioners | - | 4 years |
| Computers | - | 3 years |
| Furniture and fittings | - | 3 years |
| Medical equipment | - | 4 years |
| Office equipment | - | 3 years |
| Renovations | - | 3 years |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Plant and equipment valued at less than $1,000 are not capitalised and are expended to statement of income and expenditure in the year of acquisition.

3.3 Intangible Assets

Intangible assets that are acquired by the Foundation and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of income and expenditure as incurred.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in statement of income and expenditure on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for the current and comparative years is as follows:

Software - 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Impairment

**(i) Non-derivative financial assets**

**Policy applicable from 1 April 2018**

The Foundation recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised costs;

Loss allowances of the Foundation are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

***Simplified approach***

The Foundation applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

***General approach***

The Foundation applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Foundation assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Foundation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Foundation's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Foundation considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Foundation in full, without recourse by the Foundation to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

***Credit-impaired financial assets***

At each reporting date, the Foundation assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Foundation on terms that the Foundation would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Foundation determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Foundation's procedures for recovery of amounts due.

**Policy applicable before 1 April 2018**

A financial asset not carried at fair value through statement of income and expenditure is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of debtors, economic conditions that correlate with defaults or the disappearance of an active market for a security.

***Loans and receivables***

The Foundation considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables based on similar risk characteristics.

In assessing collective impairment, the Foundation uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in statement of income and expenditure and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Foundation considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through statement of income and expenditure.

**(ii) Non-financial assets**

The carrying amounts of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in statement of income and expenditure. Impairment losses recognised in respect of CGU are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGU) on a *pro rata* basis.

Impairment losses recognised in prior financial years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.5 Employee Benefits

**(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expenditure/resource expended in statement of income and expenditure in the financial years during which services are rendered by employees.

**(ii) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Foundation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.6 Grants

An unconditional grant and contribution is recognised in statement of income and expenditure as other income when the grant becomes receivable.

Government grants and contributions are recognised initially as grants received in advance at their fair value where there is reasonable assurance that they will be received and all required conditions associated with the grants and contributions will be complied with by the Foundation.

These grants and contributions that compensate the Foundation for expenses incurred are recognised in statement of income and expenditure as government subsidies on a systematic basis in the same financial years in which the expenses are recognised.

Grants and contributions utilised for the purchase/construction of depreciable assets are initially recorded as deferred capital grants on the statement of financial position. Deferred capital grants are then recognised in statement of income and expenditure over the financial years necessary to match the depreciation of the assets purchased or constructed with the related grants and contributions. Upon disposal of the plant and equipment, the balance of the related deferred capital grants is recognised in statement of income and expenditure to match the net book value of the assets written off.

***Special Employment and Wage Credit Schemes***

Cash grants received from the government in relation to the Special Employment and Wage Credit Schemes are recognised as incoming resources in statement of income and expenditure upon receipt.

3.7 Operating Leases

When the Foundation has the use of assets under operating leases, payments made under the operating leases are recognised in statement of income and expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in statement of income and expenditure as an integral part of the total lease expense, over the term of the lease. Contingent lease payments are charged to statement of income and expenditure in the accounting period in which they are incurred. These leased assets are not recognised in the Foundation's statement of financial position.

3.8 Funds Structure

**(i) General fund**

The general fund is available for use at the discretion of the management in furtherance of the Foundation's general objectives and purposes. The fund is available to apply for general purposes of the Foundation as set out in its governing document.

Income generated and expenditure incurred in a general fund will be presented as unrestricted general income and expenditure, respectively.

**(ii) Designated funds**

The designated fund is available for use at the discretion of the management within particular projects in furtherance of the Foundation's objectives that the management have identified and earmarked.

Designated funds are funds which are part of the unrestricted general fund, but earmarked for a particular project. The designation is made for administrative purposes only and does not contain any legal restrictions in relation to the Foundation's discretion to apply the fund. Management of the Foundation will pass a Directors' Resolution to approve the designation fund for purposes of a particular project earmarked by the Foundation.

Designated fund is accounted for as part of the Foundation's unrestricted designated funds. Income generated and expenditure held in designated funds will be presented as designated general income and expenditure, respectively.

**(iii) Restricted funds**

Restricted fund is a fund subject to specific purpose, declared by the donor(s) or with their authority or created through a legal process, but still within the wider objectives of the Foundation. The restricted fund is available for use at the discretion of the management within specified projects in furtherance of the Foundations' objectives that have been identified by donors of the funds or communicated to donors when sourcing for the funds.

Restricted fund may be a restricted income fund, which is expendable at the discretion of the Foundation in furtherance of some particular aspect(s) of the objects of the Foundation, or may be a capital fund, where the assets are required to be invested or retained for actual use, rather than expended.

Restricted fund has to be separately accounted for. Income generated and expenditure incurred in a restricted fund will be legally subjected to the restrictions of the fund.

**(iv) Transfer of funds**

Generally, transfers of funds within the Foundation involve the transfer of available funds in the unrestricted funds of the Foundation to the unrestricted designated fund at the discretion of management as and when it is deemed appropriate and in furtherance of the objectives and purposes of the designated funds. Approval of transfers is made through a Directors' Resolution passed by the Board of Directors of the Foundation. The Foundation's practice is that no fund transfers are made out of the restricted funds to other funds established by the Foundation. However, unrestricted funds may be spent and transferred to the restricted funds to meet any overspending or deficit in the restricted funds, as approved by Board of Directors of the Foundation.

3.9 Incoming Resources

**(i) Voluntary income (donations) and funds generating activities**

Voluntary income (comprising donations from direct appeals, fundraising through newsletters and websites, outright donations and sponsorships) are recognised as income in the financial year it is received or receivable when and only when all of the following conditions has been satisfied:

- the foundations obtains the right to receive the donation;
- it is probable that the economic benefits comprising the donations will flow to the entity; and
- the amount of donation can be measured reliably.

Incoming resources from the sale of goods from fund raising activities is recognised at the point of sale.

Donations-in-kind are recognised based on their estimated fair values.

The gross incoming resources in relation to funds raised or collected for the Foundation by individuals not employed or contracted by the Foundation, are the net proceeds remitted to the Foundation by the organisers of the event, after deducting their expenses.

Donations with restriction and/or conditions attached shall be recognised as income if the restrictions and conditions are under the Foundation's purview and it is probable that these restrictions and conditions would be met.

**(ii) Investment income**

Investment income comprises interest income on funds invested and is recognised on an accrual basis, using the effective interest method.

**(iii) Charitable income (mainly dialysis services and medication fees)**

Income from rendering dialysis and related medical services in the ordinary course of business is recognised when the Foundation satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Foundation expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Foundation does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

3.10 Resources Expended

All expenditure is accounted for on an accrual basis and has been classified under headings that aggregate all costs related to the respective categories of incoming resources. Cost comprises direct expenditure including direct staff costs attributable to the relevant category of incoming resources. Where costs cannot be wholly attributable to a category of incoming resources, they have been apportioned on a basis consistent with the use of resources. Such costs relate to support costs which comprise of staff costs of the head office and maintenance of the IT infrastructure.

**(i) Allocation of support costs**

Support costs comprise staff costs of the head office relating to general management, human resource and administration, budgeting, accounting and finance functions, and maintenance of the IT infrastructure.

The costs have been specifically allocated to charitable activities and governance cost based on an 75:25 ratio, since the Foundation operates one head office that provides the overall governance for the Foundation and three dialysis centres that provide the dialysis services and medication.

No support costs were allocated to research activities.

**(ii) Costs of generating funds**

The costs of generating funds are those costs attributable to generating income for the Foundation, other than from undertaking charitable activities and includes an apportionment of support costs.

**(iii) Costs of charitable activities**

Costs of charitable activities comprise all costs incurred in undertaking its work in the pursuit of the charitable objects of the Foundation. The total costs of charitable expenditure include an apportionment of support costs.

**(iv) Governance costs**

Governance costs comprise all costs attributable to the general running of the Foundation, associated with the maintenance of the Foundation's governance infrastructure and in ensuring public accountability. These costs include costs related to constitutional and statutory requirements, and include an apportionment of support costs.

3.11 New standards and interpretations not adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 April 2019 and earlier application is permitted; however, the Foundation has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRS is effective for annual periods beginning after 1 April 2019:

**Applicable to 2019 financial statements**

- FRS 116 *Leases;*

The Foundation has assessed the estimated impact that initial application of FRS 116 will have on the financial statements. The Foundation's assessment of FRS 116 and its expected impact on is as described below.

**FRS 116**

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases – Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted.

The Foundation plans to apply FRS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116 will be recognised as an adjustment to the opening balance of general fund at 1 April 2019, with no restatement of comparative information. The Foundation plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply FRS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with FRS 17 and INT FRS 104.

**The Foundation as lessee**

The Foundation expects to measure lease liabilities by applying a single discount rate to its portfolio of three dialysis centres and one office ("units"). Furthermore, the Foundation is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 April 2019. For lease contracts that contain the option to renew, the Foundation is expected to use hindsight in determining the lease term.

The Foundation expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The nature of expenses related to those leases will change as FRS 116 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The Foundation is currently still assessing the impact that initial application of FRS 116 will have on the financial statements.

## 4 Members' Guarantee

The Foundation is a Foundation limited by guarantee whereby each member of the Foundation undertakes to meet the debts and liabilities of the Foundation, in the event of its liquidation, to an amount not exceeding $100 per member.

## 5 Plant and Equipment

| | Air-conditioners $ | Computers $ | Furniture and fittings $ | Medical equipment $ | Office equipment $ | Renovations $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1 April 2017 | 94,947 | 132,946 | 243,371 | 1,851,746 | 79,234 | 728,716 | 3,130,960 |
| Additions | 18,450 | 28,288 | – | – | 3,730 | 30,109 | 80,577 |
| Disposals | (13,385) | (8,825) | – | (1,324) | (6,571) | (29,535) | (59,640) |
| At 31 March 2018 | 100,012 | 152,409 | 243,371 | 1,850,422 | 76,393 | 729,290 | 3,151,897 |
| Additions | 21,750 | 3,218 | 1,980 | 562,152 | 33,136 | 11,240 | 633,476 |
| Disposals | (23,473) | (4,339) | (975) | (421,322) | (13,916) | – | (464,025) |
| At 31 March 2019 | 98,289 | 151,288 | 244,376 | 1,991,252 | 95,613 | 740,530 | 3,321,348 |
| **Accumulated depreciation** | | | | | | | |
| At 1 April 2017 | 76,550 | 112,404 | 240,561 | 1,526,897 | 70,158 | 706,549 | 2,733,119 |
| Depreciation for the year | 9,949 | 24,216 | 1,545 | 111,235 | 5,126 | 16,669 | 168,740 |
| Disposals | (13,385) | (8,823) | – | (1,324) | (6,571) | (26,580) | (56,683) |
| At 31 March 2018 | 73,114 | 127,797 | 242,106 | 1,636,808 | 68,713 | 696,638 | 2,845,176 |
| Depreciation for the year | 13,989 | 11,708 | 1,159 | 215,301 | 10,428 | 20,243 | 272,828 |
| Disposals | (23,473) | (4,338) | (975) | (421,320) | (13,913) | – | (464,019) |
| At 31 March 2019 | 63,630 | 135,167 | 242,290 | 1,430,789 | 65,228 | 716,881 | 2,653,985 |
| **Carrying amounts** | | | | | | | |
| At 1 April 2017 | 18,397 | 20,542 | 2,810 | 324,849 | 9,076 | 22,167 | 397,841 |
| At 31 March 2018 | 26,898 | 24,612 | 1,265 | 213,614 | 7,680 | 32,652 | 306,721 |
| At 31 March 2019 | 34,659 | 16,121 | 2,086 | 560,463 | 30,385 | 23,649 | 667,363 |

## 6 Intangible Assets

| | Software $ |
|---|---|
| **Cost** | |
| At 1 April 2017 | 247,954 |
| Additions | 192,773 |
| At 31 March 2018 | 440,727 |
| Additions | 42,689 |
| At 31 March 2019 | 483,416 |
| **Accumulated amortisation** | |
| At 1 April 2017 | 227,117 |
| Amortisation for the year | 70,243 |
| At 31 March 2018 | 297,360 |
| Amortisation for the year | 70,819 |
| At 31 March 2019 | 368,179 |
| **Carrying amounts** | |
| At 1 April 2017 | 20,837 |
| At 31 March 2018 | 143,367 |
| At 31 March 2019 | 115,237 |

## 7 Trade and Other Receivables

| | 2019 $ | 2018 $ |
|---|---|---|
| Trade receivables | 489,127 | 481,359 |
| Less: Allowance for doubtful trade receivables | (1,711) | (2,053) |
| | 487,416 | 479,306 |
| Interest receivable | 287,333 | 208,506 |
| Other receivables | 33,002 | – |
| Deposits | 31,182 | 42,429 |
| | 838,933 | 730,241 |
| Prepayments | 24,810 | 31,352 |
| | 863,743 | 761,593 |

## 8 Inventory

| | 2019 $ | 2018 $ |
|---|---|---|
| Medical consumables | 27,449 | – |

In 2019, inventories of $511,514 (2018: Nil) were recognised as an expense during the year.

## 9 Cash and Cash Equivalents

| | 2019 $ | 2018 $ |
|---|---|---|
| Fixed deposits | 32,867,100 | 32,560,450 |
| Cash held with bank | 1,495,807 | 1,909,574 |
| Cash and cash equivalents in statement of financial position | 34,362,907 | 34,470,024 |
| Less: | | |
| Fixed deposits with maturity more than 90 days | (32,131,770) | (31,825,488) |
| Cash and cash equivalents in the statement of cash flows | 2,231,137 | 2,644,536 |

The effective interest rates per annum relating to fixed deposits at the reporting date range from 0.05% to 2.00% (2018: 0.05% to 1.50%) per annum. The fixed deposits mature at intervals of one to twelve months (2018: one to twelve months).

## 10 Deferred Capital Grants

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| Balance at the beginning of the year | | 384,200 | 357,330 |
| Add: | | | |
| Grants received for capital expenditure transferred from grants received in advance | 11 | 275,520 | 227,823 |
| | | 659,720 | 585,153 |
| Less: | | | |
| Amortisation during the year | | (241,561) | (200,953) |
| Balance at the end of the year | | 418,159 | 384,200 |
| | | | |
| Classified as: | | | |
| Non-current | | 193,453 | 182,170 |
| Current | | 224,706 | 202,030 |
| | | 418,159 | 384,200 |

## 11 Grants Received in Advance – Restricted Community Silver Trust Funds

The Community Silver Trust Fund was set up in November 2012 for government grants received from the Trustees of the Community Silver Trust. The Community Silver Trust is managed by the Ministry of Health on behalf of the Trustees. The grant received is used to improve the capability of the Foundation's existing services in achieving higher quality care and affordable step down care.

The government grants received are first accounted for as grants received in advance and the utilisation of these grants are set out below:

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| Balance at the beginning of the year | | 2,197,722 | 1,760,080 |
| Add: | | | |
| - Grants (refunded)/received during the year | | (88,146) | 2,804,710 |
| | | 2,109,576 | 4,564,790 |
| Less: | | | |
| - Transferred to deferred capital grant | | (275,520) | (227,823) |
| - Utilisation to fund operating expenditure | | | |
| - Maintenance of IT equipment | | – | (7,800) |
| - Manpower cost for nurse clinicians | | – | – |
| - Transport subsidies for needy patients | | (191,129) | (106,863) |
| - Honorarium paid to consulting doctors | | – | (65,600) |
| - Service providers | | – | (1,958,982) |
| | 20 | (191,129) | (2,139,245) |
| Balance at the end of the year | | 1,642,927 | 2,197,722 |
| | | | |
| Classified as: | | | |
| Non-current | | 1,169,801 | 786,583 |
| Current | | 473,126 | 1,411,139 |
| | | 1,642,927 | 2,197,722 |

## 12 Trade and Other Payables

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Trade payables | 447,718 | 458,137 |
| Other payables | 76,082 | 79,475 |
| Output goods and service tax, net | 36,282 | 30,709 |
| Accrued operating expenses | 201,380 | 184,108 |
| Security deposits received from a service provider | – | 392,400 |
| Accrual for unutilised annual leave | 58,266 | 37,512 |
| | 819,728 | 1,182,341 |

The Foundation's exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in note 27.

## 13 Restricted Building Fund

The Building Fund was set up in November 2017 for the development of a new haemodialysis centre. San Wang Wu Ti Religious Society has pledged to donate an amount of $1,000,000. A restricted Building Fund has been set up accordingly to account for this donation since January 2017. During the year, the Foundation has received a donation of $302,423 (2018: $59,271) from San Wang Wu Ti Religious Society.

## 14 Restricted Patient Welfare Support Fund

The Patient Welfare Support Fund ("PWS") was set up in June 2016 to fund the Adopt-A-Patient Scheme ("APS"). This fund is used strictly for the direct benefit of patients only. In addition to providing secondary funding for patients unable to cope with their out-of-pocket payment for dialysis treatment, the PWS Fund includes providing transportation subsidies, meal vouchers and other needs as approved by the Patient Programme Selection and Review ("PPSR") Committee. Patient eligibility is based on individual financial circumstances and determined by the Foundation's social workers and approved by the PPSR Committee.

## 15 Restricted Research Fund

The Research Fund consists of donations solicited and received by the Foundation for the purpose of supporting and funding research in the area for the prevention, treatment and cure of kidney and kidney related diseases. In November 2007, a memorandum of understanding was signed with The National University of Singapore, whereby identified research projects will be funded. Donations from the Research Fund will be channelled to the KDF-NUS Research Fund. To continue the collaboration established in 2007, a gift agreement was signed in July 2011. A minimum amount of $1,750,000 was pledged towards the KDF-NUS Research Fund over a period of five years commencing from the financial year ended 31 March 2012.

In 2018, the Foundation signed a gift agreement with NUS for a funding of $1,500,000 over 3 years for the research for prevention, treatment and cure of kidney and kidney related diseases.

In 2019, the Foundation transferred $394,365 (2018: $399,750) from the Unrestricted General Fund to the Restricted Research Fund to support the research. The transfer will be approved during the Annual General Meeting to be held on 22 August 2019 (2018: 18 July 2018). As at 31 March 2019, cumulative to date, the Foundation has donated $3,150,000 (2018: $2,750,000) to the KDF-NUS Research Fund.

## 16 Restriction on Distribution of Reserves

The Foundation's Memorandum of Association provides that no portion of the income and property of the Foundation shall be paid by way of dividend, bonus or otherwise to the members of the Foundation.

## 17 Incoming Resources from Generated Funds

Donations received during the year are included as follows:

| | 2019 $ | 2018 $ |
|---|---|---|
| Voluntary income (donations) | 2,983,485 | 2,659,777 |
| Income from fund generating activities | 1,163,287 | 1,049,849 |
| | 4,146,772 | 3,709,626 |

During the year, the donations received comprise tax-deductible and non tax-deductible donations of $3,807,785 (2018: $3,294,286) and $338,987 (2018: $415,340) respectively.

## 18 Investment Income

| | 2019 $ | 2018 $ |
|---|---|---|
| Interest income: | | |
| - Fixed deposits | 489,248 | 385,159 |

## 19 Charitable Income

| | 2019 $ | 2018 $ |
|---|---|---|
| Dialysis services and medication | 2,963,223 | 3,312,705 |
| Less: Subsidies provided by the Foundation to patients | (444,737) | (521,788) |
| | 2,518,486 | 2,790,917 |

## 20 Government Subsidies

Government subsidies received are recognised under charitable activities as incoming resources in the statement of income and expenditure and other comprehensive income to fund the related expenditure incurred during the financial period.

The Foundation receives government subsidies on dialysis services provided to patients who meet the Ministry of Health's criteria for subsidised haemodialysis and peritoneal dialysis. The government subsidies received for peritoneal dialysis are remitted to the peritoneal dialysis solution provider.

The Foundation also receives grants from the Community Silver Trust ("CST"). The CST provides a dollar-for-dollar matching grant administered by the Ministry of Health. The grant received is used to improve the capability of the Foundation's existing services in achieving higher quality care and affordable step down care.

The related expenditures charged to the statement of income and expenditure and other comprehensive income that were funded through CST grants are set out below:

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| Operating expenditures | 11 | 191,129 | 2,139,245 |
| Depreciation of plant and equipment | 24 | 173,020 | 144,619 |
| Amortisation of intangible assets | 24 | 68,541 | 56,334 |
| | | 432,690 | 2,340,198 |

## 21 Costs of Generating Voluntary Income

| | 2019 $ | 2018 $ |
|---|---|---|
| Direct mailing materials and services | 335,323 | 229,275 |
| Staff costs | 315,284 | 287,544 |
| Admin and operating expenses | 59,363 | 37,906 |
| | 709,970 | 554,725 |

## 22 Dialysis services and Medication cost

| | 2019 $ | 2018 $ |
|---|---|---|
| Expenditure paid to dialysis service providers and medication expenditure | 4,217,289 | 5,115,898 |
| Honorarium paid to visiting doctors | 102,400 | 106,000 |
| Staff costs | 1,719,203 | 765,049 |
| Depreciation of plant and equipment | 258,630 | 142,794 |
| Amortisation of intangible assets | 622 | 18,574 |
| Rental and utilities | 117,709 | 84,417 |
| Non-claimable GST input tax | 230,476 | 207,490 |
| Repair and maintenance expense | 57,044 | 24,570 |
| Admin and operating expenses | 586,703 | 210,613 |
| | 7,290,076 | 6,675,405 |

***Donated services***

The Foundation receives professional services from doctors and lawyers on a voluntary basis. Honorarium totalling $102,400 (2018: $106,000) for 13 (2018: 13) volunteer doctors was paid directly to the restructured hospitals and volunteer doctors for the services rendered.

## 23 Governance Costs

| | 2019 $ | 2018 $ |
|---|---|---|
| Staff costs | 231,325 | 211,476 |
| Depreciation of plant and equipment | 14,198 | 25,946 |
| Amortisation of intangible assets | 70,197 | 51,669 |
| Rental and utilities | 16,648 | 16,183 |
| Non-claimable GST input tax | 75,345 | 51,715 |
| Repair and maintenance expense | 42,402 | 59,223 |
| Admin and operating expenses | 344,052 | 182,150 |
| | 794,167 | 598,362 |

## 24 Net surplus for the year

Net surplus for the year includes the following:

| | Note | 2019 $ | 2018 $ |
|---|---|---|---|
| External audit fees | | 37,700 | 37,700 |
| Internal audit fees | | 41,892 | 43,500 |
| Depreciation of plant and equipment | | | |
| - General fund | | 99,808 | 24,121 |
| - Community Silver Trust fund | 20 | 173,020 | 144,619 |
| Amortisation of intangible assets | | | |
| - General fund | | 2,278 | 13,909 |
| - Community Silver Trust fund | 20 | 68,541 | 56,334 |
| Gain on disposal of plant and equipment | | (60,194) | (278) |
| Reversal of allowance for doubtful trade receivables | 7 | (342) | (726) |
| Operating lease expense | | 35,952 | 34,760 |
| Amortisation of deferred capital grants | 10 | (241,561) | (200,953) |
| Special Employment & Wage Credit Scheme | | (16,904) | (45,461) |

## 25 Taxation

The Foundation is registered as a charity under the Charities Act, Chapter 37. With effect from YA2008, all registered charities are not required to file income tax returns and will enjoy automatic income tax exemption. No provision for taxation has been made in the Foundation's financial statements.

## 26 Related Party Transactions

For the purpose of these financial statements, parties are considered to be related to the Foundation if the Foundation has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Foundation and party are subject to common control or common significant influence. Related parties may be individuals or other entities.

***Key management compensation***

Key management personnel, who are the trustees/office bearers, of the Foundation are those persons having the authority and responsibility for planning, directing and controlling the activities of the Foundation. The Board of Directors and the General Managers (including human resources, finance, nursing and social work) are considered as key management personnel of the Foundation. The Board of Directors of the Foundation renders its services on a voluntary basis and does not receive any remuneration. However, the General Managers received remuneration that is approved by the Board of Directors.

| | **Salaries $** | **AWS and variable bonus $** | **Contributions to Central Provident Fund $** | **Total $** |
|---|---|---|---|---|
| **31 March 2019** | | | | |
| Key management personnel | 385,637 | 55,815 | 62,013 | 503,465 |
| **31 March 2018** | | | | |
| Key management personnel | 348,360 | 53,865 | 55,268 | 457,493 |

During the financial year, no other key management personnel received any reimbursement of expenses, allowances or any other forms of payments, except as described above.

***Other related party transactions***

The aggregate value of transactions and outstanding balances with key management personnel and entities over which they have control or significant influence were as follows:

| | **Transaction Value for the year ended 31 March** | | **Balance outstanding as at 31 March** | |
|---|---|---|---|---|
| | **2019 $** | **2018 $** | **2019 $** | **2018 $** |
| **Type of services rendered** | | | | |
| Internal audit services | 41,892 | 43,500 | – | – |

A Director of the Foundation also sits on the Board of Directors of another non-profit organisation, Shared Services for Charities Limited. The selection of internal audit services was based on the Foundation's tender and procurement process, which takes into consideration the price, professional competency and objectivity, robustness and meticulousness of the proposed internal audit approach as important selection criteria.

Other than the above, there are no other related party transactions during the year.

## 27 Financial Instruments

### Financial risk management

***Overview***

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Foundation's exposure to the above risks, the Foundation's objectives, policies and processes for measuring and managing risk, and the Foundation's management of capital.

***Risk management framework***

The Board of Directors has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Board has established the Audit Committee, which is responsible for developing and monitoring the Foundation's risk management policies. The Audit Committee reports regularly to the Board of Directors on its activities.

The Foundation's risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Foundation's Audit Committee oversees how management monitors compliance with the Foundation's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Foundation. The Foundation's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are Reported to the Audit Committee.

***Credit risk***

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Foundation's cash and cash equivalents and trade and other receivables.

The carrying amounts of financial assets represent the Foundation's maximum exposure to credit risk, before taking into account any collateral held. The Foundation does not hold any collateral in respect of its financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

| | **2019** | **2018** |
|---|---|---|
| | **$** | **$** |
| Reversal of impairment loss on trade receivables | (342) | (726) |

***Trade receivables***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Foundation establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

*Exposure to credit risk*

The exposure to credit risk for trade receivables at the reporting date by counterparty was:

| | **Carrying amount** | |
|---|---|---|
| | **2019** | **2018** |
| | **$** | **$** |
| Corporate – insurance providers | 486,602 | 475,278 |
| Individual patients | 2,525 | 6,081 |
| | 489,127 | 481,359 |

The carrying amount of the Foundation's most significant customer, an insurance provider was $178,319 at 31 March 2019 (2018: $209,661).

***Impairment losses***

A summary of the exposures to credit risk for trade and other receivables at the reporting date is as follows:

| | **2019** | | **2018** |
|---|---|---|---|
| | **Not credit impaired** | **Credit impaired** | **Total** |
| | **$** | **$** | **$** |
| Not past due | 196,490 | – | 473,924 |
| Past due 1-30 days | 18,218 | – | 510 |
| Past due 31-60 days | 272,708 | – | 75 |
| Past due 61-90 days | – | – | 4,797 |
| Past due more than 365 days | – | 1,711 | 2,053 |
| **Total gross carrying amount** | 487,416 | 1,711 | 481,359 |
| Loss allowance | – | (1,711) | (2,053) |
| | 487,416 | – | 479,306 |

The Foundation's credit impaired trade receivables of $ 1,711 as at 31 March 2019 (2018: $2,053) related to a few patients that have informed the Foundation of their inability to pay for the outstanding invoices due to financial difficulties. As at reporting date, the Foundation has made full allowance for impairment losses on these receivables.

***Expected credit loss assessment for trade receivables as at 31 March 2019***

The Company uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region, age of customer relationship and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets for individual customers as at 31 March 2019:

| | Weighted average loss rate % | Gross carrying amount $ | Impairment loss allowance $'000 | Credit impaired |
|---|---|---|---|---|
| Current (not past due) | – | 196,490 | – | No |
| 1 – 30 days past due | – | 18,218 | – | No |
| 31 – 60 days past due | – | 272,708 | – | No |
| More than 365 days past due | 0.3% | 1,711 | 1,711 | Yes |
| | | 489,127 | 1,711 | |

Loss rates are based on actual credit loss experience over the past four years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast Singapore Consumer Price Index Growth rate.

**Comparative information under FRS 39**

An analysis of the trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired is as follows:

| | 2018 $ |
|---|---|
| **Neither past due nor impaired** | 474,462 |
| **Past due but not impaired** | |
| Past due 1-30 days | 1,515 |
| Past due 31-60 days | 510 |
| Past due 61-90 days | 75 |
| More than 365 days past due | 2,744 |
| **Total not impaired trade receivables** | 479,306 |

The Foundation's impaired trade receivables at 31 March 2018 had a gross carrying amount of $ 2,744 The individual impairment losses of the Company and all the individual impairment losses of the Company as at 31 March 2018 were related to several customers that had indicated that they were not expecting to be able to pay their outstanding balances, mainly due to economic circumstances.

***Movements in allowance for impairment in respect of trade receivables***

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| | Individual impairments $ | Collective impairments $ |
|---|---|---|
| At 1 April 2017 per FRS 39 | 3,405 | – |
| Reversal of allowance – bad debts recovered | (726) | – |
| Allowance utilised | (626) | – |
| At 31 March 2018 per FRS 39 | 2,053 | – |

| | Lifetime ECL $ |
|---|---|
| At 1 April 2018 per FRS 39 | 2,053 |
| Adjustment on initial application of FRS 109 | – |
| At 1 April 2018 per FRS 109 | 2,053 |
| Reversal of allowance – bad debts recovered | (342) |
| At 31 March 2019 per FRS 109 | 1,711 |

***Cash and cash equivalents***

The Foundation held cash and cash equivalents of $34,362,907 at 31 March 2019 (2018: $34,470,024). The cash and cash equivalents are placed with financial institutions with credit-rating ranging from A3 to Aa1 (2018: A3 to Aa1).

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Foundation considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Foundation uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. The amount of the allowance on cash and cash equivalents is negligible.

***Interest receivables, other receivables and deposits***

Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

### ***Liquidity risk***

The Foundation has minimal exposure to liquidity risk as its operations are funded by government grants and subsidies, as well as donations from corporations and individuals. The Foundation has ensured sufficient liquidity through the holding of highly liquid assets in the form of cash and cash equivalents at all times to meet its financial obligations when they fall due. The cash flow maturity of the grants received in advance is identified based on the respective funding projects' agreed time period with Ministry of Health (note 11). Cash outflows of these balances are only expected when the project expired with unutilised funding balances.

Fixed deposits are placed with reputable financial institutions, which yield better returns than cash at bank. The fixed deposits generally have short-term maturities so as to provide the Foundation with the flexibility to meet working capital needs. All fixed deposits mature within one year.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

| | | Cash flows | | |
|---|---|---|---|---|
| | **Carrying amount $** | **Contractual cash flows $** | **Within 1 year $** | **Between 1 to 5 years $** |
| **2019** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Trade and other payables | 819,728 | (819,728) | (819,728) | – |
| Grants received in advance | 1,642,927 | (1,642,927) | (473,126) | (1,169,801) |
| | 2,462,655 | (2,462,655) | 1,292,854 | (1,169,801) |
| **2018** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Trade and other payables | 1,182,341 | (1,182,341) | (1,182,341) | – |
| Grants received in advance | 2,197,722 | (2,197,722) | (1,411,139) | (786,583) |
| | 3,380,063 | (3,380,063) | (2,593,480) | (786,583) |

### ***Market risk***

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates will affect the Foundation's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

The Foundation's exposure to market risk for changes in interest rates relates primarily to the Foundation's investment portfolio. The Foundation does not account for any fixed rate financial assets at fair value through statement of income and expenditure, and the Foundation does not enter into any hedging instruments under a fair value hedge accounting model. Therefore, changes in interest rates at the reporting date would not affect the Foundation's statement of income and expenditure.

*Profile*

At the reporting date, the interest rate profile of the Foundation's interest-bearing financial instruments was as follows:

| | **2019 $** | **2018 $** |
|---|---|---|
| **Fixed rate instruments** | | |
| Fixed deposits | 32,867,100 | 32,560,450 |

### ***Foreign currency risk***

The financial assets and liabilities of the Foundation are primarily denominated in Singapore dollars. The Foundation has no significant exposure to foreign currency risk.

# NOTES TO THE FINANCIAL STATEMENTS

***Capital management***

The Foundation defines "capital" to be the unrestricted funds and restricted funds. The primary objective of the Foundation is to ensure that it maintains a healthy capital position through donations and government grants to sustain its operations.

There are no changes in the Foundation's approach to capital management during the year. The Foundation is not subject to any externally imposed capital requirements.

***Estimating the fair values***

The fair values of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables and grant received in advance) are assumed to approximate their fair values because of their short period to maturity.

*Fair value versus carrying amounts*

The fair values of recognised financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows:

| | Note | Amortised cost $ | Other financial liabilities $ | Total carrying amount $ | Fair value $ |
|---|---|---|---|---|---|
| **31 March 2019** | | | | | |
| Cash and cash equivalents | 9 | 34,362,907 | – | 34,362,907 | 34,362,907 |
| Trade and other receivables (excluding prepayments) | 7 | 838,933 | – | 838,933 | 838,933 |
| | | 35,201,840 | – | 35,201,840 | 35,201,840 |
| Trade and other payables | 12 | – | (819,728) | (819,728) | (819,728) |
| Grants received in advance | 11 | – | (1,642,927) | (1,642,927) | (1,642,927) |
| | | – | (2,462,655) | (2,462,655) | (2,462,655) |

| | Note | Loans and receivables $ | Other financial liabilities $ | Total carrying amount $ | Fair value $ |
|---|---|---|---|---|---|
| **31 March 2018** | | | | | |
| Cash and cash equivalents | 9 | 34,470,024 | – | 34,470,024 | 34,470,024 |
| Trade and other receivables (excluding prepayments) | 7 | 730,241 | – | 730,241 | 730,241 |
| | | 35,200,265 | – | 35,200,265 | 35,200,265 |
| Trade and other payables | 12 | – | (1,182,341) | (1,182,341) | (1,182,341) |
| Grants received in advance | 11 | – | (2,197,722) | (2,197,722) | (2,197,722) |
| | | – | (3,380,063) | (3,380,063) | (3,380,063) |

# SUPPLEMENTARY INFORMATION – STATEMENT OF FINANCIAL POSITION

| 2019 | Unrestricted General Fund $ | Unrestricted Designated Ghim Moh Fund $ | Restricted PWS Fund $ | Restricted Building Fund $ | Restricted Research Fund $ | Restricted CST Fund $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Plant and equipment | 667,363 | – | – | – | – | – | 667,363 |
| Intangible assets | 115,237 | – | – | – | – | – | 115,237 |
| **Total non-current assets** | 782,600 | – | – | – | – | – | 782,600 |
| **Current assets** | | | | | | | |
| Trade and other receivables | 863,743 | – | – | – | – | – | 863,743 |
| Inventories | 27,449 | – | – | – | – | – | 27,449 |
| Cash and cash equivalents | 33,481,938 | – | 278,546 | 602,423 | – | – | 34,362,907 |
| **Total current assets** | 34,373,130 | – | 278,546 | 602,423 | – | – | 35,254,099 |
| **Total assets** | 35,155,730 | – | 278,546 | 602,423 | – | – | 36,036,699 |
| **Non-current liabilities** | | | | | | | |
| Deferred capital grants | 193,453 | – | – | – | – | – | 193,453 |
| Grants received in advance | 1,169,801 | – | – | – | – | – | 1,169,801 |
| | 1,363,254 | – | – | – | – | – | 1,363,254 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 819,728 | – | – | – | – | – | 819,728 |
| Deferred capital grants | 224,706 | – | – | – | – | – | 224,706 |
| Grants received in advance | 473,126 | – | – | – | – | – | 473,126 |
| | 1,517,560 | – | – | – | – | – | 1,517,560 |
| **Total liabilities** | 2,880,814 | – | – | – | – | – | 2,880,814 |
| **Net assets** | 32,274,916 | – | 278,546 | 602,423 | – | – | 33,155,885 |

| 2018 | Unrestricted General Fund $ | Unrestricted Designated Ghim Moh Fund $ | Restricted PWS Fund $ | Restricted Building Fund $ | Restricted Research Fund $ | Restricted CST Fund $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Plant and equipment | 65,888 | – | – | – | – | 240,833 | 306,721 |
| Intangible assets | – | – | – | – | – | 143,367 | 143,367 |
| **Total non-current assets** | 65,888 | – | – | – | – | 384,200 | 450,088 |
| **Current assets** | | | | | | | |
| Trade and other receivables | 761,593 | – | – | – | – | – | 761,593 |
| Cash and cash equivalents | 31,705,622 | – | 266,680 | 300,000 | – | 2,197,722 | 34,470,024 |
| **Total current assets** | 32,467,215 | – | 266,680 | 300,000 | – | 2,197,722 | 35,231,617 |
| **Total assets** | 32,533,103 | – | 266,680 | 300,000 | – | 2,581,922 | 35,681,705 |
| **Non-current liabilities** | | | | | | | |
| Deferred capital grants | – | – | – | – | – | 182,170 | 182,170 |
| Grants received in advance | – | – | – | – | – | 786,583 | 786,583 |
| | – | – | – | – | – | 968,753 | 968,753 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 1,182,341 | – | – | – | – | – | 1,182,341 |
| Deferred capital grants | – | – | – | – | – | 202,030 | 202,030 |
| Grants received in advance | – | – | – | – | – | 1,411,139 | 1,411,139 |
| | 1,182,341 | – | – | – | – | 1,613,169 | 2,795,510 |
| **Total liabilities** | 1,182,341 | – | – | – | – | 2,581,922 | 3,764,263 |
| **Net assets** | 31,350,762 | – | 266,680 | 300,000 | – | – | 31,917,442 |

These financial information do not form part of the Foundation's financial statements.

# SUPPLEMENTARY INFORMATION – INCOME GENERATING ACTIVITIES AND RELATED COSTS

## Voluntary Income and Cost of Generating Voluntary Income

| | Income | | Expenses* | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **Activity** | | | | |
| Direct appeal | 1,516,835 | 1,323,405 | (360,956) | (275,979) |
| Communications, such as newsletters and website | 1,110,021 | 969,997 | (264,148) | (202,280) |
| Outright and sponsorships | 172,657 | 255,625 | (41,087) | (53,370) |
| Research | 5,635 | 250 | (1,341) | (52) |
| Others | 178,337 | 110,500 | (42,438) | (23,044) |
| Total | 2,983,485 | 2,659,777 | (709,970) | (554,725) |

* Expenses pertaining to staff costs, administrative and operating expenses of resource development and communication department are apportioned and allocated to the individual activities based on proportion of voluntary income earned.

## Funds Generating Activities and Cost of Funds Generating Activities

| | Income | | Expenses | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | $ | $ | $ | $ |
| **Activity** | | | | |
| Lunar 7th month | 354,239 | 344,864 | 68,406 | (62,094) |
| Flag day | 50,412 | 27,382 | 8,095 | (1,088) |
| Donation boxes/Pledge cards | 32,849 | 22,738 | 1,684 | (2,535) |
| Millennium Ride | 336,874 | 433,656 | 51,458 | (63,455) |
| Others | 388,913 | 221,209 | 38,278 | (51,771) |
| Total | 1,163,287 | 1,049,849 | 167,921 | (180,943) |

These financial information do not form part of the Foundation's financial statements.